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Foreign Labor Trends

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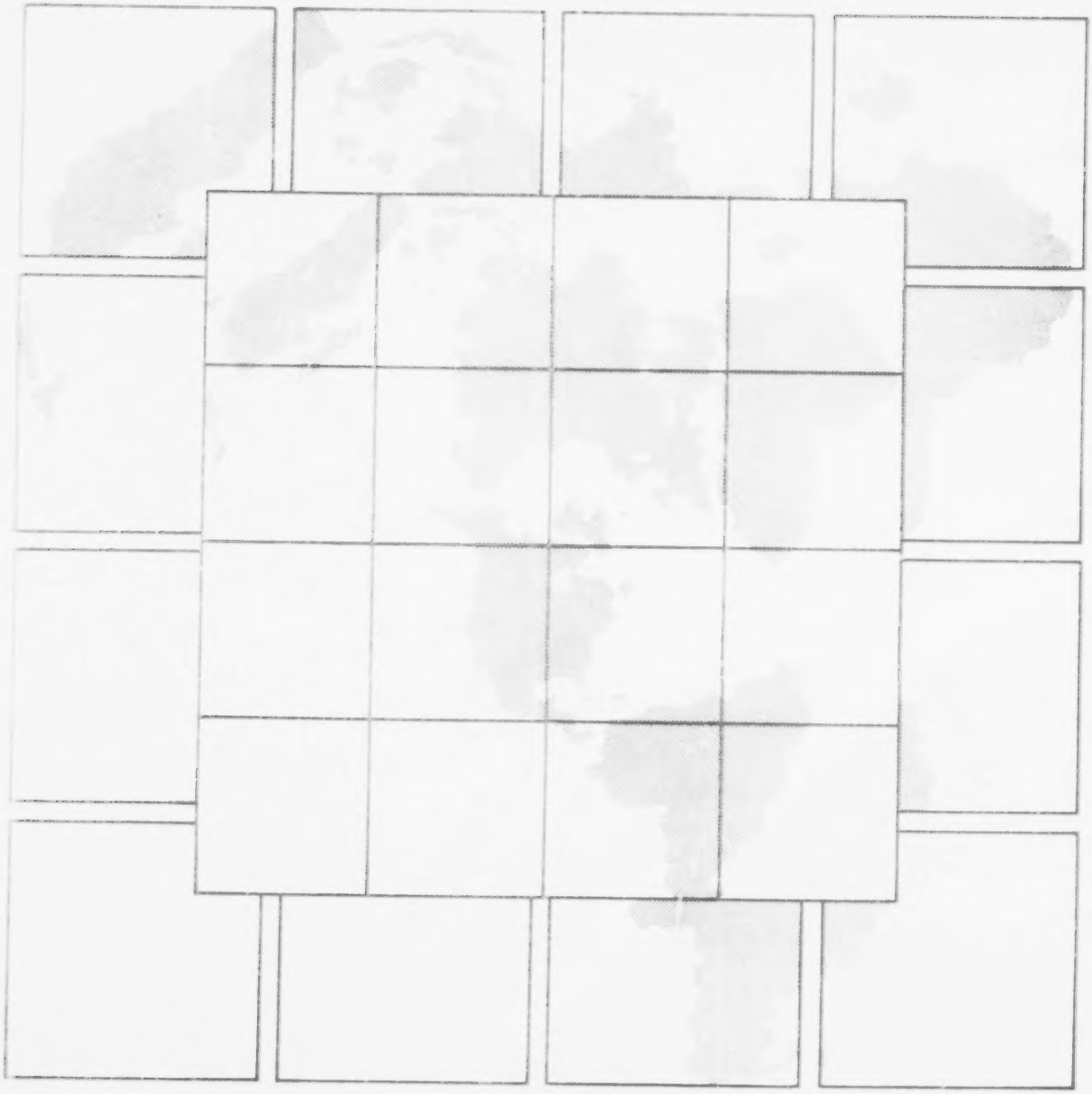

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LABOR TRENDS IN NICARAGUA - 1986-87

KEY LABOR INDICATORS

	1984	1985	1986	Pct. Change 1985-86
1. Per capita GDP at constant 1980 prices (US$)	745	691	666	-3.7
2. Per capita GDP in constant 1958 prices (US$)	166	154	146	-3.6
3. Total population (000)	3,163	3,272	3,384	3.4
4. Population growth rate in urban areas	4.7	4.7	4.9	
5. Birth rate per 1000 population	44.6	44.2	-	-
6. In-migration (000)	220	199	-	-
7. Out-migration (000)	238	218	-	-
to U.S. (imm. visas)	883	1,070	765	-28.4
8. Life expectancy at birth (years)	59.8	59.8	-	-
male	58.7	58.7	-	-
female	61.0	61.0	-	-
9. Adult literacy rate (PCT)	-	72.3	-	-
10. Total labor force (000)	1,010	1,047	1,086	3.7
11. Employment, total	797	828	846	2.2
---,agriculture	304	339	367	8.3
---,other	493	489	479	-2.0
12. Unemployment rate (PCT)	21.1	20 9	22.1	-
13. Work-related accidents	-	-	6,500	-
14 Weekly minimum wage rates (US$ at avge. parallel exchange rate)	-	1.36	1.74	27.9
15. Avge. weekly earnings by industry (US$ at avge. exch. rates)				
agriculture	-	3.97	-	-
industry	-	3.81	-	-
construction	-	4.13	-	-
services	-	4.47	-	-

KEY LABOR INDICATORS (continued)

16. Official work week (hrs.)	44	44	44	0.0
17. Unionization of workforce (pct.)	14.2	13.8	23.2	-
18. Avge. personal annual income at current prices (US$)	-	198.39	-	-
19. Rate of change in consumer prices	50	334	747	-
20. Trade with U.S.				
- (millions of US$)				
- Exports	47.2	20.1	0.0	-100.0
- Imports	133.2	67.1	0.0	-100.0

Sources: Official government of Nicaragua figures as reported by National Institute of Statistics and Census (INEC), Ministry of Labor (MITRAB), Economic Commission (IDB), and Nicaraguan Private Sector Institute for Economic Social Investigations (INIESEP).

I. INTRODUCTION AND SUMMARY

The 1979 revolution brought the Sandinista National Liberation Front (FSLN) to power in Nicaragua with a stated commitment to rule for the benefit of the country's workers and peasants. The promise has not been realized. Nicaragua today is characterized by low wages comparable to the 1950's, high unemployment, hyperinflation, and shortages of even the most basic consumer goods. While those that are connected to the Sandinista Front receive privileges that allow them to get by, a typical salaried employee cannot live on his government-controlled nominal salary alone. Sandinista-controlled unions see themselves as servants of the Party and its revolutionary interests rather than as advocates of their members' interests. Meanwhile, the independent unions struggle to survive in the restricted space allowed them.

II. THE LABOR FORCE

By the end of 1986 Nicaragua's work force had reached over one million people, of which 846,000 were employed. Over half of the labor force works in the informal sector. Agriculture, with 31 percent of the work force and 43 percent of those employed, generated 23 percent of the Gross Domestic Product (GDP) and accounted directly for 80 percent of all export earnings in 1986. Because of the seasonal nature of agricultural work, many rural laborers are unemployed for part of the year.

The services sector, including government employment, accounted for 23 percent of GDP with 28 percent of the work force. About 17 percent of the work force is involved in commerce, representing 15 percent of GDP. The number of people engaged in informal commerce has grown, apparently to compensate for the declining buying power of formal sector wages. Some 17 percent of the work force is in manufacturing, and the sector accounted for 26 percent of GDP in 1986. Five percent of the work force is in the electricity, water, transport, and communications sectors, representing seven percent of GDP. About 3.5 percent works in construction, generating three percent of GDP.

The Sandinistas' armed forces and security establishment includes over 100,000 men, equivalent to 9 percent of the total labor force.

III. LABOR AND THE ECONOMY

The Nicaraguan economy registered negative growth for 1986, a trend that continued during 1987. Nevertheless, the official unemployment rate has remained stable at 21 to 22 percent, a phenomenon which reflects declining productivity.

Government disincentives to production (low, fixed producer prices, the threat of confiscation, and a shift in land holding patterns toward inefficient state farms and subsistence cooperatives) have led to falling production of agricultural export crops, which in turn has created a critical shortage of the foreign exchange needed to purchase inputs, particularly spare parts. A manufacturing industry built to process agricultural by-products for domestic consumption has been particularly hard hit. Export earnings have fallen from US $428.8 million in 1983 to US $226 million in 1986. Nicaragua's exports will earn an estimated US $225 million in 1987. Meanwhile, the country consumes at least US $750 million in imports (not counting war materials). Donations of oil, food, and machinery, mostly from the Soviet Bloc, have so far deferred a complete collapse. At the same time, gains in local food production have largely gone for naught as the government inadvertently creates shortages by substituting inefficient government distribution systems for private commercial networks.

In 1987 government economic policies contributed to hyperinflation exceeding 1000 percent. These included the government practices of financing the war through fiscal deficits of 15 to 25 percent of Gross Domestic Product, supporting an extraordinarily overvalued local currency, and allowing the state financial system to subsidize inefficient state enterprises through easy credit. Efforts by the Ministry of Internal Commerce to run an administered price system for basic necessities have failed, despite occasional resort to armed force. In 1988 inflation threatens to transform Nicaragua into a barter and dollar economy.

The economic crisis has had its heaviest impact on Nicaragua's salaried workers. Between 1981 and 1983 salary levels remained frozen by law at a time when inflation was running in excess of 22 percent. In February 1985, the Ministry of Labor, under the National System for Ordering Work and Salaries ("SNOTS"), implemented a salary scale that set minimum and maximum wages for each of 39 job categories. Agricultural harvest workers remained outside the "SNOTS" and continued to be paid according to productivity. Since "SNOTS" levels are raised only

marginally on a sporadic basis, the decline in real incomes has accelerated along with inflation. By the end of 1986, the purchasing power of an average urban salary had declined to less than 12 percent of its 1980 level. By August 1987, an employee had to be in a job in the top 25 percent of the "SNOTS" scale in order to afford the food for a subsistence diet. In August 1987 the monthly salary level for the highest paid government officials was worth less than US $50.

Because most on a "SNOTS" income are below subsistence level, many workers are forced to seek alternative ways of generating income. Common practices include getting an employer to augment income by paying bonuses-in-kind (an illegal practice since June 1985), a second job, black marketeering, or gaining sufficient stature in the Sandinista political hierarchy to merit a government subsidy.

IV. LABOR AND THE SANDINISTA REGIME

The Sandinistas' view of the role of workers and peasants in its revolution is classically Leninist. They consider unions a means to educate the masses to become "new men and women." They speak of a "new culture of work where voluntary labor is offered free of selfishness and individualism." Sandinista unions are mandated to instruct the workers in what they must do to carry out the revolution, not to articulate and present economic demands on the employer/state.

The government's wage freezes in the face of hyperinflation effectively has imposed a dramatic cut in workers' standards of living. The Sandinistas' command economy approach extends to the labor movement. The FSLN'S control of the bulk of the labor movement and repression of independent unions have made this possible. In addition, the "SNOTS" wage-setting policy has meant unions are restricted in their ability to make collective bargaining agreements with employers. The right to strike is suspended under the state of emergency regulations.

Unable to control prices for the entire economy, the Sandinistas have constructed a state distribution system to guarantee access to goods for those sectors of the population critical to the regime's survival, particularly the military and government apparatus. Under a 1985 agreement between the party-affiliated Sandinista Workers Central (CST) and the Ministry of Internal Commerce, CST members have access to special subsidized "Worker Supply Centers" (CAT) where their

nominal salary can purchase their basic needs. Government employees and Sandinista Front members at higher levels receive various additional compensations, such as access to dollars at subsidized exchange rates, which can then be used in state dollar stores. Non-recognized groups, such as workers belonging to independent labor unions, are left to fend for themselves in what is essentially a society segregated by political affiliation.

After coming to power in 1979, the FSLN set up a series of mass organizations, including the CST. The union grew rapidly as it absorbed the locals of the old Somoza-controlled General Confederation of Labor (CGT), and the government applied pressure on the independent confederations. Under the leadership of Lucio Jimenez since 1983, the CST asserts that its members are willing to undertake whatever sacrifices in living conditions are necessary to advance the Sandinista revolution. The CST endorses the government's position on economic as well as political matters. It supports the military draft and the provisions of the state of emergency (including the ban on strikes). Many CST locals are unwilling affiliates. Labor unrest, such as a three-day walkout in November 1987 by dockworkers nominally represented by the CST at the Port of Corinto, is often directed as much against the local CST officials as the employers.

In the final resolutions of the CST's Fifth National Assembly in December 1987, the union pledged to guarantee the completion of the government's economic plans, pressure employers to turn over production to the state, combat labor indiscipline, organize voluntary work brigades, and support the state marketing system as the primary means of protecting real income. The Assembly endorsed the "SNOTS" concept, but did call for a greater salary range that would better recognize qualifications and experience, along with a direct link between pay increases and basic market basket price rises.

Landless rural wage laborers have always been among Nicaragua's poorest. Before the revolution, the Sandinistas succeeded in organizing a significant number of rural workers and in March 1987 the Association of Rural workers (ATC) was formed, with Edgardo Garcia as its secretary general. The ATC has a reputation for working harder than the CST to defend its constituency's economic interests, although usually without much success. In addition to the ATC, the National Union of Farmers and Ranchers (UNAG) organized peasant smallholders and cooperative members on behalf of the FSLN.

The Sandinistas also control health workers (FETSALUD), teachers (ANDEN), white-collar employees (UNE), journalists (UPN) and professionals (CONAPRO "heroes and martyrs"). In October 1987, however, discontent with declining real incomes resulted in a public campaign by CONAPRO to gain an exemption from the SNOTS for its members. It remains to be seen whether such FSLN-aligned labor groups can successfully pressure the government into concessions.

V. OPPOSITION LABOR ORGANIZATIONS

Beginning in the late 1950's Nicaragua saw the emergence of an active trade union movement in opposition to the Somoza family's attempts to control organized labor. Independent unions of non-Sandinista Marxists, Christian Democratic, and social democratic ideology were formed and contributed both to improving the economic situation of Nicaragua's workers during the growth period of the 1960's and to the anti-Somoza struggle in the 1970's.

The democratic unions, the Nicaraguan Workers' Central (CTN) and the Confederation of Labor Unification (CUS), have been subjected to heavy pressure by the government for refusing to be co-opted into the Sandinista labor system and for their alliance with the democratic opposition parties and the private sector as part of the Nicaraguan Democratic Coordinator. Union leaders and activists have been subjected to harassment and physical attack, union halls have been occupied, workplace elections have been nullified, and union publications have been shut down. An internal dispute split the CTN in 1982, leading to the formation of the Autonomous Nicaraguan Workers' Central (CTN-A). With much of its rural base in the conflictive zones, many of the CTN-A's peasant members number among the political prisoners detained by government security forces.

Although ideologically disposed toward cooperating with the FSLN, non-Sandinista Marxist unions like the Socialists' independent General Confederation of Labor (CGT-I) and the Communists' Labor Action and Unity Central (CAUS), are driven by economic circumstances to protest the government's anti-worker policies. Leaders of both the CGT-I and the CAUS have spent time in Sandinista jails as a result of their efforts to defend the interests of their members. During 1987 the CGT-I's Building Trades Union successfully resisted government efforts to impose higher production norms on construction projects that would have effectively lengthened

the work day. Defense of workers' time is critical in a situation where survival depends on working at second jobs or having the time to stand in line to receive rationed goods.

In November 1987, the CUS and the CTN-A joined with the CGT-I and the CAUS to form the Permanent Congress of the Workers (CPT). The CPT seeks to take advantage of the political opening provided by the Guatemala Accord Peace Process to oppose Sandinista labor policies. The four unions have called for the abolition of the "SNOTS", restoration of collective bargaining, the elimination of special treatment for the CST, revision of the Labor Code, and trade union freedom, including the right to strike.

VI. INTERNATIONAL LABOR RELATIONS

The Sandinista labor organizations maintain a high level of contact with international labor organizations abroad, in accordance with the FSLN strategy of constantly seeking to mobilize international support for the Sandinista regime. Both the CST and the CGT-I are affiliates of the Prague-based World Federation of Trade Unions (WFTU), but the CST receives almost all of the WFTU's material support.

The CUS and the CTN maintain extensive international relations through their respective affiliations with the International Confederation of Free Trade Unions (ICFTU) and the Christian Democratic World Federation of Labor (WFL). The American Institute for Free Labor Development (AIFLD) does not have a permanent presence in Nicaragua, but does provide assistance to the democratic unions.

The International Labor Organization (ILO) has received numerous complaints against the Nicaraguan Government filed by the CUS and CTN, as well as the COSEP private sector council. An ILO commission under Article 26 is planned for 1988 to investigate Sandinista application of the rights to union organizing and collective bargaining.

TRADE UNION ORGANIZATIONS

Democratic Orientation:

A. Confederacion de Unificacion Sindical (CUS) - Confederation of Labor Unification

Address: Ciudad Jardin Q-3, Managua

Telephone: 42039

Chief Officer: Alvin Guthrie, Secretary General

Membership: 25,000-35,000 members and sympathizers in nine regional and sector federations claimed in 1987. 1,670 members in 17 locals according to Ministry of Labor in 1983. Registered a total of 1,473 members in 27 locals with Ministry of labor, 1978-1987.

Description: Democratic labor movement with regional organizations in Managua, Chinandega, Leon, Carazo, Nueva Segovia and Bluefields. Key unions include auto mechanics (Simaresisa) and restaurant workers (FETRAHOMESIMA) in Managua, Chinandega farm workers (FETRACAMCHI), Carazo farm workers (FETRACAMCA), and miskito workers in Managua (SITRAMIS). CUS also has influence among Leon market vendors, Corinto port workers and at the San Antonio sugar mill.

Affiliations: Social Democratic Party (PSD), Nicaraguan Democratic Coordinating Board (CDN), Permanent Congress of Workers (CPT), International Regional Organization of Workers (ORIT), International Confederation of Free Trade Unions (ICFTU), and the American Institute for Free Labor Development (AIFLD).

B. Central de Trabajadores de Nicaragua (CTN) - Nicaraguan Workers' Central

Address: de las Delicias del Volga, 1/2 C. Arriba, Managua

Telephone: 22917

Chief Officer: Carlos Huembes, Secretary General

Membership: 55,000 claimed in 1987 (half rural workers and peasants); figure may include workers aligned with (CTN-A). 2,734 members in 21 locals according to Ministry of Labor in 1983. Registered a total of 3,680 members in 61 locals with Ministry of Labor, 1979-1987.

Description: Christian Democratic Movement founded in 1962. Largest independent union before the Sandinistas took over one of its major affiliates, FETSALUD in 1980 and before it split with CTN-A in 1982. Active in Managua, Chinandega, Leon, Masaya and Granada mostly among employees of private farms and factories. Key unions include bus drivers (SIMOTUR), cooking oil factor workers (SITRIAM), and "La Prensa" Newspaper employees (STLP).

Affiliations: Social Christian Party (PSC), Nicaraguan Democratic Coordinating Board (CDN), Latin American Workers' Central (CLAT), and the World Confederation of Labor (WCL).

C. Central de Trabajadores de Nicaragua (Autonoma) (CTN-A) - Autonomous Nicaraguan Workers' Central

Address: de la Iglesia Santa Ana, 1 1/2 C. Abajo, Managua

Telephone: 25981

Chief Officer: Antonio Jarquin, Secretary General

Membership: 25,302 members in 35 locals claimed in 1987 (over half peasants)

Description: Product of 1982 split in the CTN. Strongly committed to social christian communitarianism. Organized among Managua urban workers and peasants in Nueva Guinea Segovia, and Chinandega. Key unions include rural transport workers (SITRARU) and Union of Campes no Workers of Nueva Guinea (nearly half of CTN-A membership).

Affiliations: Popular Social Christian Party (PPSC) and Permanent Congress of Workers (CPT).

<u>Non-Sandinista Marxist Orientation</u>:

A. Confederacion General de los Trabajadores (Independiente) (CGT-I) - General Confederation of Independent Workers

Address: KM. 4, Carretera a Masaya, Managua

Telephone: 70615

Chief Officer: Carlos Salgado, Secretary General

Membership: 31,000 members in some 25 locals claimed in 1987. 17,177 members in 19 locals according to Ministry of Labor in 1983. Registered a total of 1,677 members in 24 locals with Ministry of Labor, 1979-1987.

Description: Marxist trade union movement founded in 1963 by Moscow-line Socialists. Opposed to Sandinista wage controls. Based on the Managua Construction Workers Union (SCAAS). Also active among construction workers, artisans, and farm workers in Granada, Masaya, Carazo, Rivas, and Leon.

Affiliations: Nicaraguan Socialist Party (PSN); Permanent Congress of Workers (CPT); and World Federation of Trade Unions (WFTU).

B. Central de Accion y Unidad Sindical (CAUS) - Labor Action and Unity Central

Address: de los Semaforos del Colonial, 1 C. Abajo, 1 C. al Lago, Managua

Telephone: 42587

Chief Officer: Roberto Moreno, Secretary General

Membership: 1,939 members in 15 locals according to Ministry of Labor in 1983. Registered a total of 2,764 members in 22 locals with Ministry of Labor, 1979-1987.

Description: Marxist movement critical of Sandinista labor policies. Founded after the 1967 schism in the Socialist Party. Traditionally strong in the Managua textile industry.

Affiliations: Communist Party of Nicaragua - PCdeN) and Permanent Congress of Workers (CPT).

C. Frente Obrero (FO) - Workers Front

Address: del Cine Aguerri, 1 C. Abajo, 2 1/2 C/ al Lago, Managua

Telephone: 23787

Chief Officer: Fernando Malespin, Secretary General

Membership: small

Description: Radical leftist group with Maoist and anarchist elements that split with the FSLN in the early 1970's. Agitates against Sandinista labor policies and demands complete abolition of private property.

Affiliation: Popular Action Movement--Marxist-Leninist (MAP-ML). Supports platform of the CPT.

Sandinista Orientation:

A. Coordinadora Sindical de Nicaragua (CSN) - Labor Coordinator of Nicaragua

Membership: Over 300,000 claimed in 1987

Description: Umbrella organization for FSLN-controlled labor organizations. Formerly included the CGT-I, CAUS, AND FO non-Sandinista Marxist labor groups.

Member labor groups: CST, ATC, FETSALUD, ANDEN, UPN, AND UNE.

B. Central Sandinista de los Trabajadores (CST) - Sandinista Workers' Central

Address: Casa del CST, Managua

Telephone: 23131

Chief Officer: Lucio Jimenez, Secretary General

Membership: 150,000 claimed in 1987. 111,498 members in 504 locals claimed in 1983. Registered a total of 68,984 members in 582 locals with Ministry of Labor, 1979-1987.

Description: Sandinista urban and agro-industrial labor confederation. Created in 1979 from pre-revolution FSLN labor groups and remnants of the Somoza-controlled General Confederation of Labor (CGT). Strong in state enterprises, urban industry, and the sugar mills.

Affiliations: Sandinista mass organization. Member of CSN and World Federation of Trade Unions (WFTU).

C. Asociacion de Trabajadores del Campo (ATC) - Association of Campesino Workers

Address: de la Casa Morales, 7 C. al Sur, 1 C. Arriba, Managua

Telephone: 27955

Chief Officer: Edgardo Garcia, Secretary General

Membership: 70,000 claimed in 1987. 40,000 members in 480 locals claimed in 1983. Registered total of 103,779 members in 700 locals with Ministry of Labor, 1979-1987.

Description: Sandinista union of salaried farm workers. Created in 1978 by the FSLN proletarian tendency and church activists. Leading organization representing workers on public and private farms in the coffee, cotton, beef, and rice sectors.

Affiliations: Sandinista Mass Organization. Member of CSN.

D. Federacion de Trabajadores de la Salud (FETSALUD) - Health Workers' Federation

Address: Shell Ciudad Jardin, 1/2 C. Arriba, Managua

Telephone: 26482

Chief Officer: Gustavo Porras, Secretary General

Membership: 15,613 members in 39 locals according to Ministry of Labor in 1983. Registered total of 15,485 members of 31 locals with Ministry of Labor, 1979-1987.

Description: Government-controlled union of workers in the public health care industry.

Affiliation: Pro-Sandinista. Member of CSN.

E. Union Nacional de Empleados (UNE) - National Union of Employees

Address: Casa de la CST, Managua

Telephone: 22720

Chief Officer: Jose Angel Bermudez, Secretary General

Membership: Unknown

Description: Government white collar employees union

Affiliations: Pro-Sandinista. Member of CSN.

G. Asociacion Nacional de Educadores Nicaraguense (ANDEN) - National Association of Educators of Nicaragua

Address: Contiguo al Parque de las Madres, Managua

Telephone: 661471

Chief Officer: Guillermo Martinez, President

Membership: 13,000 claimed in 1987.

Description: Government-controlled union of public school teachers.

Affiliations: Pro-Sandinista. Member of CSN.

H. Union de Periodistas de Nicaragua (UPN) - Union of Journalists of Nicaragua

Address: del Hospital Velez Paiz, 4 C. Arriba, Managua

Telephone: 51642

Chief Officer: Lily Soto, Secretary General

Membership: Small

Description: Union of employees of Sandinista-controlled media outlets.

Affiliation: Pro-Sandinista. Member of CSN.

I. Confederacion de Asociaciones de Profesionales "Heroes y Martires" (CONAPRO "Heroes y Martires") - Heroes and Martyrs Confederation of Professional Associations

Address: de la Casa Morales, 1 C. Abajo, 3 1/2 C. al Sur, Managua

Telephone: 23765

Chief Officer: Freddy Cruz, President

Membership: 13,000 claimed in 1987.

Description: Association of public sector professionals and technical specialists. Created as a parallel organization to the private sector CONAPRO.

Affiliation: Pro-Sandinista.

J. Union Nacional de Agricultores y Ganaderos (UNAG) - National Union of Farmers and Ranchers

Address: del Banco Inmobiliario las, 1 C. al Lago, 1/2 C. Abajo, Managua

Telephone: 660632

Chief Officer: Daniel Nunez, President

Membership: 124,000 members claimed in 1987. 100,000 members in 3,057 cooperatives claimed in 1983.

Description: Union of Sandinista cooperative members and small land owners benefiting from the agrarian reform program. Also attempts to co-opt larger private sector producers away from the Nicaraguan Union of Agricultural and Livestock Producers (UPANIC).

Affiliation: Pro-Sandinista

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